United Nations A/62/604/Add.2

General Assembly

Distr.: General
17 June 2008

Original: English

Sixty-second session
Agenda item 126

Review of the efficiency of the administrative and financial functioning of the United Nations

Report of the Fifth Committee

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I. Introduction

1. The previous recommendations made by the Fifth Committee to the General Assembly under agenda item 126 appear in the reports of the Committee contained in documents A/62/604 and Add.1.

2. The Fifth Committee resumed its consideration of this item at its 51st meeting, on 13 June 2008. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary record (A/C.5/62/SR.51).

3. For its further consideration of this item, the Committee had before it the following documents:

(a) Comprehensive report of the Secretary-General on United Nations procurement activities (A/62/525);

(b) Related report of the Advisory Committee on Administrative and Budgetary Questions (A/62/721);

(c) Report of the Office of Internal Oversight Services on the audit of the application of the best value for money principle in United Nations procurement and the note by the Secretary-General transmitting his comments thereon (A/61/846 and Add.1).

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II. Consideration of proposals

A. Draft resolution A/C.5/62/L.39

4. At its 51st meeting, on 13 June, the Committee had before it a draft resolution entitled "Procurement reform" (A/C.5/62/L.39), which was submitted by the Chairman on the basis of informal consultations coordinated by the representative of Greece.

5. At the same meeting, the Secretary of the Committee orally corrected operative paragraph 33 of the draft resolution by inserting, after the words "the General Assembly has not considered", the words "for approval".

6. Also at the same meeting, the Committee adopted draft resolution A/C.5/62/L.39, as orally corrected, without a vote (see para. 14).

B. Draft decision A/C.5/62/L.58

7. At its 51st meeting, on 13 June, the Committee had before it a draft decision entitled "Questions deferred for future consideration" (A/C.5/62/L.58), submitted by the Chairman.

8. At the same meeting, the Secretary of the Committee orally corrected the draft decision by adding the following reports at the end of the decision:

> "Report on the activities of the Office of Internal Oversight Services for the period from 1 January to 31 December 2007 and the note by the Secretary-General transmitting his comments thereon (A/62/281 (Part II) and Add.1)".

9. Also at the same meeting, the representative of Egypt (also on behalf of India) orally proposed to amend the draft decision by deleting the following documents:

> "Reports of the Secretary-General on the updated financial position of closed peacekeeping missions as at 30 June 2006 and as at 30 June 2007 (A/61/867 and A/62/757)
>
> "Reports of the Advisory Committee on Administrative and Budgetary Questions on the consolidation of peacekeeping accounts and the updated financial position of closed peacekeeping missions as at 30 June 2006 and on the updated financial position of closed peacekeeping missions as at 30 June 2007 (A/61/920 and A/62/816)
>
> "Comprehensive report of the Secretary-General on the consolidation of peacekeeping accounts (A/62/726)
>
> "Report of the Advisory Committee on Administrative and Budgetary Questions on the consolidation of peacekeeping accounts (A/62/818)".

10. Before the consideration of the draft decision, statements were made by the representatives of Slovenia (on behalf of the States Members of the United Nations that are members of the European Union), Singapore, Algeria, the Syrian Arab Republic and Lebanon (see A/C.5/62/SR.51).

11. Also before consideration of the draft decision, the Secretary of the Committee replied to questions raised (see A/C.5/62/SR.51).

12. At the 51st meeting, on 13 June, the Committee adopted draft decision A/C.5/62/L.58, as orally corrected and amended, without a vote (see para. 15).

13. After the adoption of the draft decision, statements were made by the representatives of Slovenia (on behalf of the States Members of the United Nations that are members of the European Union), Canada (also on behalf of Australia and New Zealand), Egypt and Singapore (see A/C.5/62/SR.51).

III. Recommendations of the Fifth Committee

14. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Procurement reform

The General Assembly,

Recalling its resolutions 54/14 of 29 October 1999, 55/247 of 12 April 2001, 57/279 of 20 December 2002, 58/276 and 58/277 of 23 December 2003, 59/288 of 13 April 2005, 60/1 of 16 September 2005, 60/260 of 8 May 2006, 60/266 of 20 June 2006, 60/283 of 7 July 2006, 61/246 of 22 December 2006 and 61/276 and 61/279 of 29 June 2007,

Reaffirming the Financial Regulations and Rules of the United Nations,[1] in particular those regarding the procurement process,

Having considered the comprehensive report of the Secretary-General on United Nations procurement activities,[2] the related report of the Advisory Committee on Administrative and Budgetary Questions,[3] the report of the Office of Internal Oversight Services on the audit of the application of the best value for money principle in United Nations procurement[4] and the comments of the Secretary-General thereon,[5]

1. *Endorses* the conclusions and recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions[3] subject to the provisions of the present resolution;

2. *Reaffirms* the need for the procurement system to be transparent, open, impartial and cost-effective, based on competitive bidding and fully reflecting the international character of the United Nations;

3. *Notes* the ongoing improvements made by the Secretary-General in procurement reform at Headquarters and in the field missions, including those set out in paragraph 8 of the report of the Advisory Committee on Administrative and Budgetary Questions;[3]

4. *Recalls* its resolutions 52/226 A of 31 March 1998, 54/14, 55/247 and 62/232 of 22 December 2007 regarding the need for the Secretary-General to take steps to ensure that specifications are not deliberately tailored to predetermine the choice of supplier and that the principle of separation of responsibilities of the requisitioning and approving officers is maintained;

5. *Requests* the Secretary-General to implement all of the requests included in its previous procurement reform resolutions, in particular resolution 61/246;

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[1] ST/SGB/2003/7.
[2] A/62/525.
[3] A/62/721.
[4] A/61/846.
[5] A/61/846/Add.1.

Governance

6. *Reiterates* its regret for the delay in the response of the Secretary-General to its outstanding requests in its resolutions 59/288, 61/246 and 61/276, and urges him as a matter of priority to submit a report on procurement governance and other issues as requested in resolutions 61/246 and 61/276, with full justification of the reasons for the delay;

Internal controls

7. *Notes with concern* the possible weaknesses in the internal control environment with regard to procurement activities owing, inter alia, to the splitting of responsibilities between the Department of Management, the Department of Peacekeeping Operations and the Department of Field Support of the Secretariat, and requests the Secretary-General to take concrete steps to avoid any such weaknesses and to report thereon in the context of the report on the governance of United Nations procurement activities;

8. *Encourages* the Secretary-General to strengthen further the internal control framework within the Procurement Division of the Department of Management by developing a more robust regime for the oversight of vendors, including subcontractors, at the Secretariat as well as effectively addressing vendor misconduct and suspension;

Accountability

9. *Reaffirms* paragraph 3 of its resolution 61/246, and in this regard requests the Secretary-General to continue to ensure proper accountability and training of all those involved in the procurement process at Headquarters and in the field;

Ethics

10. *Requests* the Secretary-General to continue to consider a proper mechanism for monitoring compliance of United Nations staff and vendors with ethical behaviour norms;

11. *Also requests* the Secretary-General to ensure that ethics guidelines for procurement staff are issued as a matter of priority;

12. *Notes* that conflict of interest is not officially defined under current United Nations regulations and rules, and reiterates its request contained in its resolutions 52/226 A, 54/14, 60/266, 61/246 and 61/276 that the Secretary-General submit proposals on possible amendments to the Financial Regulations and Rules of the United Nations[1] and the Staff Regulations and Rules of the United Nations to address issues of potential conflict of interest, such as the employment of former United Nations procurement officers by United Nations suppliers and vice-versa;

Vendors

13. *Endorses* paragraph 14 of the report of the Advisory Committee on Administrative and Budgetary Questions,[3] and requests the Secretary-General to report to the General Assembly at its sixty-fourth session, in the context of the next comprehensive report on United Nations procurement activities, on the implementation of the simplified vendor registration process;

14. *Requests* the Secretary-General to continue to simplify and streamline the vendor registration process, to share responsibilities among the various United Nations organizations, to take into account the different circumstances and varying levels of Internet access in countries and to report to the General Assembly at its sixty-fourth session, in the context of the next comprehensive report on United Nations procurement activities, on the results achieved;

15. *Also requests* the Secretary-General to restore on the website of the Procurement Division without delay information on the Division's focal points providing advice on the vendor registration process in the six official languages of the United Nations and the Division's brochure in the six official languages on a cost-neutral basis;

Independent bid protest system

16. *Regrets* the lack of information in the report of the Secretary-General[2] in response to paragraph 13 of its resolution 61/246, and in this context requests the Secretary-General to launch the pilot project for the independent bid protest system and to report to the General Assembly at its sixty-fourth session, in the context of the next comprehensive report on United Nations procurement activities, on the experience gained as part of the comprehensive proposal concerning the implementation of the system, which shall be subject to the prior consideration and approval of the Assembly;

Procurement opportunities for vendors from developing countries and countries with economies in transition

17. *Reaffirms* paragraphs 6 and 20 to 24 of its resolution 61/246;

18. *Notes* the efforts made by the Secretary-General to promote procurement opportunities for vendors from developing countries and countries with economies in transition, including business seminars, and also notes the increased participation of those countries in United Nations procurement activities, reaching 53 per cent in 2006 as compared to an average of 45 per cent over the preceding four years;

19. *Encourages* the Secretary-General to continue to promote and to conduct business seminars and to follow up on their outcome as a means of sensitizing the business community in developing countries to procurement opportunities in the United Nations;

20. *Endorses* paragraph 32 of the report of the Advisory Committee on Administrative and Budgetary Questions,[3] and requests the Secretary-General to continue and intensify the exploration of additional innovative ways to promote procurement from developing countries and countries with economies in transition and to report thereon to the General Assembly at its sixty-fourth session in the context of the next comprehensive report on United Nations procurement activities;

21. *Recalls* section XIX, paragraph 4, of its resolution 61/276, in which it requested the Secretary-General to identify obstacles preventing the participation of developing countries and countries with economies in transition in United Nations procurement contracts, including through seeking and analysing feedback from vendors who had attended United Nations business seminars in recent years, and requests the Secretary-General to report fully on those obstacles to the General Assembly at its sixty-fourth session in the context of the next comprehensive report

on United Nations procurement activities, including on proposals to obviate such obstacles;

22. *Requests* the Secretary-General to increase the number of business seminars in developing countries and countries with economies in transition in order to increase procurement opportunities in those countries;

23. *Stresses* the need for business seminars to be more results-oriented and tailored to include adequate information on how to access business opportunities in the field of procurement with the United Nations;

Best value for money

24. *Takes note* of the recommendations of the Office of Internal Oversight Services[4] and the comments of the Secretary-General thereon,[5] and requests the Secretary-General to ensure the full implementation of the recommendations and to report thereon to the General Assembly at its sixty-fourth session in the context of the next comprehensive report on United Nations procurement activities;

25. *Reiterates* its request to the Secretary-General contained in paragraph 33 of its resolution 61/246, and requests the Secretary-General to report to the General Assembly at its sixty-fourth session on clear guidelines for the implementation of the best value for money methodology in United Nations procurement, including all specifics of the weighted evaluation techniques;

Awarding of contracts and competitive bidding process

26. *Requests* the Secretary-General to entrust the Office of Internal Oversight Services to include in its annual reports all cases of application of exigency it considered, as well as the high-risk cases referred to the Headquarters Committee on contracts on which it decided to provide comments;

27. *Also requests* the Secretary-General to continue to ensure that the utilization of systems contracts is subject to prior full analysis of all costs, in accordance with current practice;

28. *Further requests* the Secretary-General to prepare a report on his proposal contained in paragraph 129 of his report[2] relating to bidding by joint ventures, inter alia, on its justification, its legal regulation, the registration of joint ventures in the United Nations vendor roster and safeguards against possible limitations of competition in United Nations procurement for consideration by the General Assembly at its sixty-fourth session;

29. *Decides* that contract bundling shall not be used as a tool to restrict international competition in United Nations procurement;

30. *Requests* the Secretary-General to ensure that requirements with regard to goods and services being procured as set forth in the solicitation documents are formulated subject to established limitations on the number of United Nations commodity codes per vendor;

31. *Also requests* the Secretary-General to ensure that in scheduling bidders' conferences and defining their venues, visa-processing timelines are taken fully into account and such alternatives as videoconferences are fully explored to avoid any

impact of visa-related policies of different countries on the results of United Nations competitive bidding;

Performance and bid bonds

32. *Further requests* the Secretary-General to further enhance transparency in the procurement decision-making process and, in this regard, to report to the General Assembly at its sixty-fourth session, in the context of the next comprehensive report on United Nations procurement activities, on clear guidelines and criteria for the request of bid bonds and performance bonds by procurement officers in the United Nations, as well as on exploring alternative means of ensuring the protection of the interests of the Organization throughout the term of the contractual obligation without restricting access to United Nations procurement of small and medium-sized enterprises, including those from developing countries and countries with economies in transition;

Sustainable procurement

33. *Recalls* paragraphs 137 to 140 of the report of the Secretary-General[2] and also recalls that the General Assembly has not considered for approval the concept of environmentally friendly and sustainable procurement, and requests the Secretary-General to prepare a comprehensive report on the content of and criteria for such a concept, including detailed information on its possible impact on the diversification of the origin of vendors and on international competition, including for developing countries and countries with economies in transition, for consideration and decision by the General Assembly at its sixty-fourth session;

Delegation of authority

34. *Reiterates* its request in paragraph 20 of its resolution 59/288, and requests the Secretary-General to report on all the issues related to the levels of delegation of procurement authority, including mechanisms used to strengthen effective monitoring, oversight and accountability, in the context of his report on the governance of United Nations procurement activities;

Outsourcing practices

35. *Recalls* its resolutions 55/232 of 23 December 2000 and 59/289 of 13 April 2005 on outsourcing practices, and stresses that the procurement staff certification programme should be in line with the provisions of those resolutions;

Subcontracting

36. *Notes with concern* the risks that may be presented by the lack of disclosure regarding the issue of subcontracting;

37. *Also notes with concern* that subcontractors have not been required to comply with the relevant rules of the Organization, and requests the Secretary-General to address this lacuna in internal control associated with subcontractors as a matter of priority and to report thereon to the General Assembly at its sixty-fourth session;

Human resources management

38. *Reaffirms* sections X and XI of its resolution 61/244 of 22 December 2006;

39. *Also reaffirms* paragraph 100 of its resolution 52/220 of 22 December 1997 and paragraph 21 of resolution 52/226 A;

Training

40. *Stresses* the need for all procurement staff to receive the mandatory training in United Nations procurement techniques and ethics, and requests the Secretary-General to continue his efforts in this regard;

Enterprise resource planning

41. *Requests* the Secretary-General to develop requirements for procurement management as a part of the new enterprise resource planning system, taking into account the need to allay concern that the use of different procurement-related information technology support systems in different departments is having a negative impact on the Organization's ability to exercise comprehensive procurement oversight;

42. *Also requests* the Secretary-General to ensure that the enterprise resource planning requirements related to procurement reflect its decisions on procurement governance and to provide a comprehensive and concrete explanation as to how the new enterprise resource planning system will improve procurement-related internal control and oversight;

Other issues

43. *Stresses* the importance of efficiency in the acquisition process in the United Nations, and requests the Secretary-General to continue to improve the efficiency of the procurement process;

44. *Recalls* its request in its resolution 59/288 to review without delay options to better safeguard the independence of the Headquarters Committee on Contracts, and encourages the Secretary-General to develop further measures to mitigate higher exposure to financial risk;

45. *Requests* the Secretary-General to ensure that, on matters relating to procurement in the field, the Department of Peacekeeping Operations and the Department of Field Support follow the principles of objectivity and impartiality in advising the Procurement Division.

15. The Fifth Committee also recommends to the General Assembly the adoption of the following draft decision:

Questions deferred for future consideration

The General Assembly decides to defer until its sixty-third session consideration of the following documents:

Item 140

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report of the Secretary-General on the overview of the financing of the United Nations peacekeeping operations: budget performance for the period from 1 July 2006 to 30 June 2007 and budget for the period from 1 July 2008 to 30 June 2009;[1]

Comprehensive report of the Secretary-General on conduct and discipline, including full justification of all posts;[2]

Report of the Secretary-General on peacekeeping best practices;[3]

Note by the Secretary-General on the comprehensive report on training in peacekeeping;[4]

Report of the Advisory Committee on Administrative and Budgetary Questions on administrative and budgetary aspects of the financing of the United Nations peacekeeping operations;[5]

Report on the activities of the Office of Internal Oversight Services for the period from 1 January to 31 December 2007 and the note by the Secretary-General transmitting his comments thereon (A/62/281 (Part II) and Add.1).[6]

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[1] A/62/727.
[2] A/62/758.
[3] A/62/593 and Corr.1.
[4] A/62/676.
[5] A/62/781.
[6] A/62/281 (Part II) and Add.1.